

# Controller *John Chiang*

## California State Controller's Office



Fall 2013 Newsletter

Unclaimed Property Program

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## Tips for Completing the Holder Notice Report

The first report in California's two-step report process is known as the Holder Notice Report. The Holder Notice Report is due annually prior to November 1st (or prior to May 1st for life insurance companies). This report should include a complete listing of unclaimed properties currently reportable, but should not include the remittance of the properties. To ensure your report is approved and to avoid future interest assessments, please verify the following when completing your Holder Notice Report:

### **Early Properties**

Holders may only report properties that have remained unclaimed for the required dormancy period. A dormancy period is a specified period of time in which the property owner does not take action on their property. The dormancy period, also known as the escheat period, commences on the date of last transaction and varies depending on the property type. For a listing of the dormancy periods for the most frequently reported unclaimed property types, you may view the Dormancy Periods Table found at

[http://www.sco.ca.gov/Files-UPD/outreach\\_rptg\\_hol\\_dormancy.pdf](http://www.sco.ca.gov/Files-UPD/outreach_rptg_hol_dormancy.pdf).

The date of last transaction is the date upon which:

- The last transaction or contact occurred with the owner;
- The date the mail was returned; or
- The date on which the property became payable, redeemable, dormant, or returnable (e.g., issue date of check), whichever came first.

### **Report "As of" Date**

The report "As of" date, used in determining when property becomes reportable, is a required date in Section A of the Universal Holder Face Sheet (UFS-1) form found at

[http://www.sco.ca.gov/Files-UPD/form\\_rptg\\_ufs-1.pdf](http://www.sco.ca.gov/Files-UPD/form_rptg_ufs-1.pdf).

- The "As of" date can either be June 30 or the company's fiscal year-end date.
- The "As of" date is not the date the Holder Notice Report was due, created or submitted.

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## Tips for Completing the Holder Notice Report (continued)

- A Holder Notice Report should not be completed until the “As of” date is determined.
- To determine if a property is due to be reported to California, add the number of dormancy years required to the property’s last transaction date. If the date falls before your “As of” date, it is reportable. For assistance, you may refer to the “2013 Property Report Cycle” documents found on our website at [http://www.sco.ca.gov/upd\\_rptg.html](http://www.sco.ca.gov/upd_rptg.html).

### **Contact Information**

It is important to note that there is a difference between the contact information requested in Sections B and C of the UFS-1.

Section B: Holder Contact Information. Please provide complete contact information for the person in the company responsible for completing the Holder Notice Report. This contact information will be used by the State Controller’s Office (SCO) to contact the holder with questions regarding the report. Failure to provide this information will result in the report being rejected.

Section C: Property Owner Contact Information. Please provide complete contact information for the person in the company responsible for handling inquiries from property owners. This contact information will be printed on the SCO due diligence notices that are sent to property owners. If this section is left blank, the contact information provided in Section B will be printed on notices to property owners.

### **Committee on Uniform Securities Identification Procedures (CUSIP) Number**

A CUSIP number is required for each security reported in the Holder Notice Report. The report will be rejected if the CUSIP number is missing or invalid (such as 000000000, 123456789, or 999999999). If a CUSIP number is missing, please include a letter with your report explaining why it cannot be provided.

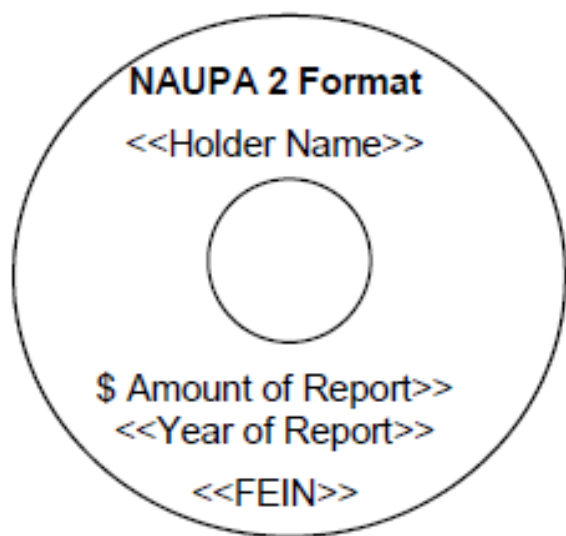
### **Reporting Less Than 10 Properties**

Paper Reports are acceptable for holders reporting less than ten properties. A Paper Report must be submitted on the Annual Report of Unclaimed Personal Property Owner Detail Sheet (UDS-1). Holders are encouraged to submit a report in electronic format regardless of the number of properties. To submit a report in electronic format, you can use free unclaimed property reporting software found on the National Association of Unclaimed Property Administrators’ (NAUPA) web site at [www.unclaimed.org/reporting](http://www.unclaimed.org/reporting). When selecting this option, please copy the data to a disk and submit with your UFS-1. When sending in a disk, please label it with the holder name, dollar amount of report, year of report, and Federal Employer Identification Number (FEIN).

### **Original Signature**

An original signature is required for the UFS-1. Submission of a UFS-1 without an original signature will result in report rejection. Please note, the SCO does not accept photocopies or stamps in lieu of a signature.

If you have additional questions, please contact the Reporting Unit at (916) 464-6284 or [UCPRreporting@sco.ca.gov](mailto:UCPRreporting@sco.ca.gov)



# Holder Notice Report Interest Assessments

To avoid penalties and interest, holders must identify properties due to be escheated to the state and submit the Holder Notice Report before November 1<sup>st</sup> (before May 1<sup>st</sup> for life insurance companies). As required by the California Civil Code of Procedure (CCP) section 1577, interest billings are assessed when the Holder Notice Report is submitted late, and/or one or more of the properties on the Holder Notice Report should have been reported in an earlier year (delinquent property). Delinquent properties are determined by:

- The property dormancy period, which is determined by the property type;
- The property last transaction date; and,
- The “As of” date or fiscal year-end.

## How is interest calculated?

The interest calculations are generated automatically by a formula using the daily interest rate, the number of days late, and the property value.

- Daily Interest Rate @ 12% per annum = 0.0003287671
- Number of Days Late = Report Received Date – Property Due Date
- Daily Interest = Daily Interest Rate X Property Value
- Interest Due = Daily Interest X Number of Days Late

## How can we be assured the interest assessments are accurate?

The calculations are automated based on the information submitted on the Holder Notice Report. Invoices are sent with summary and detailed calculation information for each property.

## Example

For the 2013 report year, the SCO receives a Holder Notice Report on October 28, 2013, listing two unclaimed properties:

Property Type	Dormancy Period	Last Transaction Date	Property Value	Holder Notice Report Due Before *	Holder Notice Report Received Date	Delinquent Property
CK01 (Cashier's Checks)	3-year dormancy	12/10/2009	\$5,000.00	11/01/2013	10/28/2013	No
CK01 (Cashier's Checks)	3-year dormancy	12/10/2008	\$5,000.00	11/01/2012	10/28/2013	Yes

\*The Property Reporting Cycles can be found at the SCO website [http://www.sco.ca.gov/upd\\_rptg.html](http://www.sco.ca.gov/upd_rptg.html)

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## Holder Notice Report Interest Assessments (continued)

The first property is reported timely on the 2013 Holder Notice Report, which is due before 11/01/2013, because:

- The dormancy period for property type CK01 is 3 years;
- The last transaction date of 12/10/2009 falls between 01/01/2009 and 12/31/2009; and,
- The “As of” date or fiscal year-end is December 31, 2012.

The second property is reported late and subject to an interest assessment. This property should have been included in the 2012 Holder Notice Report, which was due before 11/01/2012, because:

- The dormancy period for property type CK01 is 3 years;
- The last transaction date of 12/10/2008 falls between 01/01/2008 and 12/31/2008; and,
- The “As of” date or fiscal year-end is December 31, 2011.

Although in this example the Holder Notice Report was submitted timely, the second property was reported late and will accrue interest as follows:

- Daily interest rate @ 12% per annum = 0.0003287671
- Property value: \$5,000.00
- Daily interest rate:  $\$5,000 \times 0.0003287671 = \$1.64384$
- Number of days late: 10/28/2013 – 11/01/2012 = 362 days
- Total interest due:  $\$1.64384 \times 362 \text{ days} = \$595.07$



### Important Notice

Interest will still be assessed against delinquent property on the Holder Notice Report whether or not the following actions take place:

- The property was **returned** to the rightful owner after the submission of the Holder Notice Report and before the submission of the Holder Remit Report and remittances. This is because late reported property should have been reported earlier and available for return to property owners or remitted to the state in an earlier reporting period; and,
- The Remit Report and remittance(s) are delivered to the SCO **timely**.

If you have additional questions, please contact the 1577 Interest Assessment Unit at (916) 464-6092 or email at [1577info@sco.ca.gov](mailto:1577info@sco.ca.gov).



## Holder's Claim for Reimbursement

When is a holder entitled to a reimbursement? If a holder reimburses a reported owner after the property has been remitted to the SCO, the SCO will reimburse the holder upon proper filing and proof of payment. The holder is also entitled to a reimbursement if the property was escheated to the SCO in error.

The SCO will process the holder's claim for reimbursement after the Holder Remit Report has been uploaded and reconciled by the SCO. To enable processing, the holder must complete the request as described below:

- Include a Holder's Claim for Reimbursement (HCR-1) form signed by an authorized agent. The HCR-1 form is located at [http://www.sco.ca.gov/Files-UPD/form\\_rptg\\_hcr-1.pdf](http://www.sco.ca.gov/Files-UPD/form_rptg_hcr-1.pdf). Instructions for completing the form are listed on page 2 of the form.
- All HCR-1 forms must contain the authorized agent's original signature.
- A separate claim form is required for each report year in which a reimbursement is being requested. Page 3 of the HCR-1 form allows holders to claim numerous properties on one claim form.
- Handwritten or faxed forms are not acceptable.
- All HCR-1 forms for \$1,000.00 or greater must be notarized.
- All reimbursement requests for securities must be notarized.
- All requests must be accompanied with a "Letter of Authorization". The letter must be on the holder's business letterhead and signed by an officer of the business. The Letter of Authorization must contain the name of each individual authorized to claim on behalf of the holder; an agent cannot authorize themselves.
- Proof of payment as prescribed in CCP section 1560(b) must be included. Examples are included on page 2 of the HCR-1 form.
- A copy of the Universal Holder Face Sheet (UFS-1) and a copy of the property detail sheet showing the owner's name and account will help facilitate the processing of the claim.

All documents should be mailed to the following address:

California State Controller's Office  
John Chiang, California State Controller  
Unclaimed Property Division  
P.O. Box 942850  
Sacramento, CA 94250-5873

For more information, please refer to the Holder Reimbursement Requests section in the Holder Handbook (currently page 47) found at [http://www.sco.ca.gov/Files-UPD/guide\\_rptg\\_holderhandbook.pdf](http://www.sco.ca.gov/Files-UPD/guide_rptg_holderhandbook.pdf).

You may also contact the Reporting Unit at (916) 464-6284 or [UCPReporting@sco.ca.gov](mailto:UCPReporting@sco.ca.gov).

**HOLDER'S CLAIM FOR REIMBURSEMENT**  
Instructions and Requirements on Page 2

**SECTION 1—HOLDER INFORMATION (Required)**

Holder's Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Authorized Agent: \_\_\_\_\_  
Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ (ext.) \_\_\_\_\_ Fax Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
Holder's Federal Identification Number (FEIN): \_\_\_\_\_  
Reason for Reimbursement, please provide explanation: Check all that apply:  
Owner reimbursed ☐ Account reinstated ☐ Overpayment ☐ Duplicate names listed on report ☐ Duplicate payment made ☐ Other ☐  
Explanation: \_\_\_\_\_

**SECTION 2—REPORT INFORMATION (Required)**  
Information should mirror what was originally provided on the UFS-1 and 14-F forms when the Unclaimed Property report was filed/submitted.  
Report Year: \_\_\_\_\_ Report As of Date: \_\_\_\_\_ Remit Report ID Number: \_\_\_\_\_  
Total Reported/Remitted Dollars: \$ \_\_\_\_\_ Total Reported/Remitted Shares (Securities): \_\_\_\_\_

**SECTION 3—OWNER INFORMATION (Required)**  
Information should mirror what was originally provided on the Unclaimed Property report when filed/submitted.  
If reimbursement is for more than one owner/account—use spreadsheet on page 3.  
Owner's Name: \_\_\_\_\_ Owner's Tax Identification Number (SSN/FEIN): \_\_\_\_\_  
Owner's Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Check Number (if negotiable instrument): \_\_\_\_\_ Account Number: \_\_\_\_\_  
NAUPA "Property Type" Code: \_\_\_\_\_ Check here if owner was reported as "Unknown": ☐  
Reimbursement Claimed Dollars: \$ \_\_\_\_\_ Shares: \_\_\_\_\_

**SECTION 4 (A)—HOLDER AFFIRMATION (Required)**

**AFFIRMATION AND SIGNATURE**  
I hereby affirm, under penalty of perjury, that I am an authorized agent of the holder named in this Holder's Claim for Reimbursement and duly authorized to make said claim upon the State Controller's Office, as evidenced by the Letter of Authorization accompanying this claim. The above-named holder hereby agrees to indemnify and hold harmless the State, its officers and employees from any loss as a result of payment of the amount claimed.  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**SECTION 4 (B)—NOTARY**  
YOUR SIGNATURE(S) MUST BE NOTARIZED IF THE CLAIM AMOUNT IS \$1,000 OR GREATER  
ALL CLAIMS FOR SECURITIES OR SAFE DEPOSIT BOXES MUST BE NOTARIZED  
State of \_\_\_\_\_ County of \_\_\_\_\_ Day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_  
Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.  
SIGNATURE: \_\_\_\_\_ (seal)

**PRIVACY NOTIFICATION**  
The Information Practices Act of 1977 and the Federal Privacy Act require us to inform you that your Social Security number and other documents are requested for property identification and processing of your claim.  
You have the right to view your records at this office by sending a request to:  
Chief, Unclaimed Property Division, P.O. Box 942850, Sacramento, CA 94250-5873  
MAIL YOUR CLAIM TO:  
JOHN CHIANG  
CALIFORNIA STATE CONTROLLER  
UNCLAIMED PROPERTY DIVISION  
P.O. BOX 942850  
SACRAMENTO, CA 94250-5873

## Holder Warning: Ensure You are Communicating with the Correct Property Owner

When property owners contact a holder directly as a result of a due diligence letter sent by the holder or a pre-escheat letter sent by the SCO, the holder needs to determine if they are communicating with the rightful owner. Holders are responsible for establishing proper internal standards to determine if they are communicating with the rightful owner prior to returning property or updating the property account information. If you believe the person you are communicating with does not meet the internal standards to demonstrate ownership, it is acceptable to send the property to the SCO. Once the SCO receives the property, the property owner may file a claim form along with proof of ownership to reclaim their property from the SCO at [www.claimit.ca.gov](http://www.claimit.ca.gov).

### Important Upcoming Dates

**Before November 1:** Holder Notice Reports due

**December 1—15:** Holder Remit Reports Due for life insurance companies



**California State Controller's Office  
Unclaimed Property Division  
10600 White Rock Road, Suite 141  
Rancho Cordova, CA 95670  
[www.sco.ca.gov](http://www.sco.ca.gov)**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647  
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092  
(for CA CCP §1577 inquiries)  
[1577info@sco.ca.gov](mailto:1577info@sco.ca.gov)

Outreach and Compliance Unit: (916) 464-6088  
[UPDcompliance@sco.ca.gov](mailto:UPDcompliance@sco.ca.gov)

Questions regarding securities: (916) 464-7123  
[UPDSecRecon@sco.ca.gov](mailto:UPDSecRecon@sco.ca.gov)

Questions regarding EFT remittance:  
[UPDSCOEft@sco.ca.gov](mailto:UPDSCOEft@sco.ca.gov)

Please send your newsletter comments, ideas, or concerns to: [UPDHolderOutreach@sco.ca.gov](mailto:UPDHolderOutreach@sco.ca.gov)